रजिस्ट्री सं० डी० 221 REGISTERED No. D. 221

भारत का राजपत्र
The Gazette of India

असाधारण
EXTRAORDINARY
भाग I— खण्ड 1
PART I—Section 1
प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं० 93] नई दिल्ली, सोमवार, मई 25, 1970/ज्यैष्ठ 4, 1892
No. 93] NEW DELHI, MONDAY, MAY 25, 1970/JYAISTHA 4, 1892

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके
Separate paging is given to this Part in order that it may be filed as a separate compilation

MINISTRY OF FOREIGN TRADE

PUBLIC NOTICE

IMPORT TRADE CONTROL

New Delhi, the 25th May 1970

SUBJECT.—*Terms and conditions for licensing of imports under West German DM-99 Million Commodity Credit for* 1969-70.

No. 75-ITC(PN)/70.—The conditions for issue of licences under DM-99 Million West German Credit for :—

(i) Direct payment procedure—For imports by Public Sector/Government undertakings through DGISM London.

(ii) Letter of credit procedure—For Public and Private Sector imports.

(iii) (a) Special letter of credit procedure for imports above Rs. 50,000/- in value,

(b) Commercial letter of credit procedure for imports of the value of Rs. 50,000/- or less,

as given in Appendices I, II and III to this Public Notice are notified for the information of trade. These conditions are applicable to all West German Credit licences issued from 1st April, 1970.

APPENDIX I

Conditions to be stipulated in the licences for imports by Public Sector/Government Undertakings through DGISM, London Direct Payment Procedure under German Commodity Credit 1969-70.

(1) These conditions are applicable in respect of orders placed by Government/ Public Sector Undertakings through DGISM, London.

(2) Payments to German suppliers for goods and services from the Federal Republic of Germany against the import licence should be arranged through the Chief Accounting Officer, High Commission of India, London. Any payments towards Indian agents' commission should be made in rupees to the agents in India. Such payments will, however, be charged to the licence.

(3) (i) The licence will be issued with an initial validity period of 12 months subject to the condition that firm orders must be placed on the suppliers in Germany within four months from the date of issue of the licence keeping in mind the condition at (4) below *vide* public notice No. 29-ITC(PN)/70 dated 9th February, 1970.

(ii) If orders are not placed within 4 months, the procedure indicated in the public notice dated 9th February, 1970 should be followed.

(4) Payments to German suppliers under the import contract should be completed by 30*th June*, 1971. A stipulation should, therefore, be made in the purchase contract that all deliveries should be completed by 31*st March*, 1971.

(5) Goods to be financed under the credit should be transported by Indian and/ or Federal Republic of Germany vessels only, even though shipment may take place from a third country West European port. Failure to comply with this provision will involve the risk that no payment at all will be made or that for freight be denied to the suppliers.

(6) (i) West German Credits provide for financing of freight charges alongwith the FOB value of the goods, provided the amount of freight is paid in foreign exchange. Care should, therefore, be taken that in the case of FOB orders, the shipping arrangements in accordance with condition (4) above are made through the Shipping Co-ordination Committee of the Government of Inda, or their authorised agents and that payments for freight charges are made by CAO, London.

(ii) Where the contracts are placed on C & F terms, the German supplier should be made responsible for payment of freight charges, even in the cases where the shipping arrangements may be made by the Shipping Co-ordination Committee of the Government of India, or their authorised agents.

(7) Under *no* circumstances the importer should pay freight in rupees in India to the agents of the Shipping Companies concerned, *even for Indian ships.*

(8) The following transport clause in regard to shipment of cargoes financed under the German credits should also be kept in view, while placing orders.

> "The Contracting parties shall allow the free choice of the means of transport by sea and air with regard to the movement of persons and goods arising out of the loans and to this end shall give such facilities and authorisations as may be necessary and shall refrain from taking measures excluding or impeding the participation of Indian and German transport enterprises therein."

(9) Within a fortnight of the placing of orders, a report (in duplicate) *along with two copies of supply contract* should be sent to the CAO, London containing the following information. A copy of the report should also be sent to the Department of Economic Affairs, AE-I Section, Room No. 220, North Block, New Delhi.

(a) An attested copy of the *sanction releasing foreign exchange* under the Commodity Credit;

(b) Name and address of the importer;

(c) No., date, value of the licence, and the date upto which it is valid, along with a copy of the import licence;

(d) Value (in DM) of the order placed and accepted by the suppliers indicating the payment terms, viz., FOB, C & F, etc.

(e) Short description of the goods to be imported;

(f) Name and address of the supplier;

(g) Expected date of completion of deliveries;

(h) A schedule showing probable dates, with amounts, on which payments under the contract will fall due;

(i) The name of the particular German Credit from which payment to the German Suppliers is to be made; and

(j) The name of the Accounts Officer against whom debits for rupee equivalents are to be raised by CAO, London.

The detailed arrangements to be made with the German Suppliers and the Chief Accounting Officer, High Commission of India, London, are mentioned in the enclosed note.

(10) The importers should arrange to deposit the rupee equivalent of the amount in DMs required to be paid through the respective payment authorisation, with the Reserve Bank of India, or the State Bank of India, for credit into Government Account under the Head "T-Deposits and Advances—Deposits not bearing interest—Civil Deposits—Deposits for the cost of purchases abroad under Direct Payment Procedure—Deposits for the cost of suppliers and equipment under West German Commodity Credit for 1969-70". The amounts of these deposits should be calculated by applying the prevailing composite rate of conversion between the DM and the rupee. The current composite rate is 1 DM= Rs. 2.070. The importers should get the amount deposited by them suitably endorsed on the Exchange Control or Reserve Bank of India's copy of the import licence by the Bank concerned.

(11) The original treasury challans for such deposits should be sent to the Chief Accounting Officer, High Commission of India, London, along with other documents mentioned in para 5 of the attached "Procedure for arranging/payments through Chief Accounting Officer, London". At the same time, a copy of the payment authorisation duly indicating the particulars of rupee deposits made together with one complete set (non-negotiable) of the import documents, should invariably be sent to the Controller of Aid Accounts, Department of Economic Affairs, Ministry of Finance, Jeewan Deep Building, Parliament Street, New Delhi-1.

(12) In the case of imports by the Departments of Central/State Governments, including State Electricity Boards, the above provision of making deposits will not apply. The debits for the rupee equivalents of the payments made in D.M. will be raised by the A.G.C.R., against the Accounts Officer concerned, on the basis of the advices received from the Chief Accounting Officer, High Commission of India, London.

GERMAN CREDITS

Procedure for arranging direct payments out of German Credits through the Chief Accounting Officer, High Commission of India, London.

1. In the case of Import Licences which are granted for goods and service from the Federal Republic of Germany, to be financed by direct payment method from Loan Agreements entered into between the Government of India and Kreditanstalt fur Wioderaufbau (KFW), the following procedural requirements must be followed for such payments through the office of the C.A.O., High Commission of India, India House, Aldwych, London W.C.2.

2. Contracts entered into with German suppliers should be furnished by Indian parties for onward transmission to KFW (Frankfurt/Main) through the C.A.O., H.C.I., London. It is essential that contracts are so lodged with KFW for acceptance under a particular qualifying Loan Agreement. Contracts should be furnished to C.A.O., London *in duplicate.*

3. The particular qualifying Loan Agreement against which payments are to be arranged by C.A.O., London, should be indicated at the time of forwarding such contracts. It is not sufficient to merely indicate that payments are to be made through West German Credits in General.

4. The Project Authority should clearly inform the German Supplier that all payments arising under the Contract (except Agents Commission payable in Rupees) will need to be authorised for payment by the Project Authority as each item of payment becomes due. The C.A.O., London, cannot undertake to receive original documents and demands for payment direct from the German supplier or his Bank, as the Office of the C.A.O., London is not in a position to determine the correctness and validity of such dues in terms of the various contractual conditions entered into between the Project Authority and the German Supplier under the relevant contract.

5. The specific payment authorisations referred to above from Project Authorities must specify the beneficiary and the actual amount of payment due (in DM) accompanied by the following documents where applicable to any particular type of payment due.

(a) Copy of Invoice/or Supplier's demand (single copy)

(b) Copy of Certificates related to payment dues (single copy)

(c) Non-negotiable copy of Bill of Lading/or other evidences of despatch (single copy)

(d) Payment authorisation of Project Authority (in duplicate) in the case of such German Loans which have a corresponding Project Agreement specifying the implementation requirements entered into with KFW and the Project Authority. This document is required to be submitted to KFW by C.A.O., London at the time of issuing Payment Request to KFW.

6. On receipt of the above documents from the Project Authority the office of the C.A.O., London will issue Payment Requests to KFW for direct payment to the specified Beneficiary. Project Authorities or their Banks should not make direct requests to KFW for payment as KFW will not take any cognisance of such communications, where the C.A.O., London is the Operational Authority under the relevant Loan Agreement.

7. Payments by the Project Authority through C.A.O., London must not include Agents Commission payable in Rupees in India to Indian Agents. The C.A.O., London cannot undertake the payment of such dues which should be arranged separately by the Project Authority with the German Supplier and the Indian Agents concerned. The C.A.O., London will arrange payment of only the not due specified by the Project Authority in Deutsche Marks from the West German Credit.

8. The West German Loan Agreements provide for Freight to be financed under the credit when shipment is made by Indian and/or Federal Republic of Germany vessels. Shipping documents such as Bill of Lading should, therefore, be carefully examined by the Project Authority before authorising Freight under the relevant German Credit. The Clause regarding shipment of cargoes financed under German Credit should carefully be noted and complied with by the licensee.

9. All communications from the Project Authorities or the German suppliers (where necessary) should be addressed to:—

The High Commission of India,
Accounts Department (Section AA4)'
India House, Aldwych, London W.C.2.

APPENDIX II

Conditions of licensing for imports above Rs. 50,000 in value under Commodity Credit from West Germany for 1969-70.

1. These conditions will be applicable to imports where the value of the licence is above Rs. 50,000. For licences for Rs. 50,000 or less, there is a different set of licensing conditions. For orders placed by Government Undertakings and public sector undertakings————————————through DGISM, London, there is also a different set of conditions, which may be followed where it is not necessary to open letters of credit in favour of the West German Suppliers.

2. No remittance of foreign exchange is permitted against this import licence. Any payment towards Indian agents' commission should be made in Indian rupees to the agents in India. Such payments, however, have to form part of the licence value and will, therefore, be charged to the licence.

3. Payments against the import licence for import of goods and services from the Federal Republic of Germany will be made by means of a "special" letter of credit, as explained in para 9 below.

4. The licence will be issued with an initial validity period of 12 months subject to the condition that firm orders, on c.i.f. or c&f (or f.o.b) basis by public sector undertakings subject to condition 8(b) below must be placed on the suppliers in Germany *within four months* from the date of issue of the import licence *vide* public notice No. 29-ITC(PN)/70 dated 9th February, 1970.

5. If orders are not placed within 4 months the procedure indicated in the public notice dated 9th February, 1970 should be followed.

6. Payments to German suppliers under the import licence should be completed by the 30th June, 1971. Suitable provision should therefore, be made in the purchase orders/contracts regarding completion of deliveries by 31st March, 1971.

7. (a) Goods to be financed under the credit should be transported by Indian and/or Federal Republic of Germany's vessels only, even though shipment may take place from a third-country West European port. Failure to comply with this provision will amount to serious contravention of the conditions of the licence and will involve the risk that no payment AT ALL will be made or that for freight be denied to the supplier.

(b) Where the German Suppliers have failed to comply with the relative shipping conditions, the authorised dealers opening Letter of Credit under this credit should specifically instruct their correspondents *not* to make any payment to the beneficiary German suppliers under "reserve" and later send the documents to India on collection basis.

(c) Public sector importers placing f.o.b. orders should make arrangements for shipment of Cargo by Indian, or Federal German vessels through the Shipping Co-ordination Committee of the Ministry of Shipping and Transport, or their authorised agents.

(d) In case the German suppliers anticipate any difficulty in complying with the provision for shipment of cargo by Indian/German vessels the services of M/s. Schenker and Co., Hamburg, should be availed of.

8. (a) For orders on cif/c&f basis, the German supplier should be made responsible for payment of freight charges in D.Ms. to the agents of the Indian and/or Federal Republic of Germany shipping companies carrying the cargo. A suitable provision should be made in this regard in the supply order as also in the Letter of Credit.

(b) The Credit provides for financing of freight charges along with the FOB value of goods, provided the amount of freight is paid in foreign currency.

(c) It should be clearly understood that payment of freight charges will be made by the German authorities only on presentation of the relative freight invoice of the Shipping companies concerned, or their authorised agents. Necessary stipulation in this regard should be made in the Letter of Credit in the case of C&F, or cif orders.

(d) Under no circumstances, Indian importer should pay freight charges in rupees in India to the agents of the Shipping Companies. Even for Indian ships the payment must be made in foreign exchange (DMs).

9. (i) Within a fortnight of the placing of orders, a report should be sent to the Department of Economic Affairs (Economic Aid Accounts Branch), Ministry of Finance, Jeevan Deep Building, Parliament Street, New Delhi, alongwith a copy of the import licence, containing the following information:

(a) Name and address of the importer;

(b) Number, date and value of the licence with a copy thereof;

(c) Value in D.M. of the order placed and accepted by the suppliers, indicating the payment terms, *viz.*, cif, etc;

(d) Short description of the goods to be imported;

(e) Name and address of the Suppliers;

(f) Expected date of completion of deliveries;

(g) A Schedule showing probable dates with amounts on which payments under the contract will fall due.

(ii) If the report mentioned above is not sent within a fortnight of the placing of the contract, the failure may be deemed to be a violation of the Import Control Regulations.

(iii) The above information should be accompanied by a request to the Controller of Aid Accounts, Ministry of Finance, Department of Economic Affairs (in the form as in Annexure I) and a Bank Guarantee from a scheduled bank, authorised to deal in foreign exchange (in the form, as in Annexure II) subject to condition (iv) *Infra*, for the issue of a Letter of Authority on any one of the following banks.

(i) The Bayerischa Vereinsbank, Munich.

(ii) The Commerzbank A. G., Frankfurt.

(iii) The Deutsche Bank A. G., Hamburg.

(iv) The Dresdner Bank A. G., Jungfernstief, Hamburg.

(v) The Frankfurter Bank, 6 Frankfurt, A. M.—the Main.

(iv) Subject to condition (v) *infra* no bank gurantee is required from Public Sector importers but the request for the issue of a Letter of Authority from them should be routed through a nominated Branch of the State Bank of India.

(v) If a public sector importer operates through a Bank other than the State Bank of India, he will be required to produce a Bank Guarantee (in the form as in Annexure—II).

(vi) The importers (both in the public and private sectors) and their bankers should specifically indicate the German Bank selected by them.

(vii) The Bank Guarantee where necessary, should be for an amount representing the rupee equivalent of the value in D.M. of the proposed Letter of Authority plus interest and other charges as mentioned in Annexure—II. The prevailing composite rate of conversion shall be applied for calculating the rupee equivalent. The current composite rate is DM 1=Rs. 2.070.

10. If the Bank Guarantee, contemplated in para 9 is found to be in order, the Ministry of Finance, (Department of Economic Affairs, Economic Aid Accounts Branch) will issue a Letter of Authority to the German Bank concerned (as in Annexure IV), authorising payment upto the specified amount to the German supplies on the basis of a "Special" letter of credit to be opened by the importer's bank in India. A copy of such authorisation will be sent to Indian Licensee. The original Letter of Authority along with a copy thereof will be sent to the bank authorised to open the Letter of Credit, asking it to submit the original Letter of Authority to the German Bank concerned along with the Letter of Credit, opened by it. (such direction will be as in Annexure-III).

11. The Letter of Credit on the German bank should be opened within thirty days from the date of the issue of the authorisation, under intimation to the Controller of Aid Accounts, Department of Economic Affairs, Ministry of Finance, Jeewan Deep Buliding, Parliament Street, New Delhi.

12. The payments to the Suppliers will be made by the German Bank concerned on collection of requisite documents and statements. The negotiable set of import documents will be sent by it to the importer's bank in India, along with an Advice Note giving details of the amounts disbursed and the dates of such disbursements.

13. Within 10 days of the receipt of these documents, the Bank in India shall arrange to deposit to Government account, as indicated in para 14, the rupee equivalent of the amounts disbursed to the suppliers, calculated at the prevailing composite rate of conversion between DM and the rupee, along with interest at 6 per cent per annum for the period between the date of payment to the

suppliers and the date on which the *rupee equivalents* are deposited. The current composite rate is 1 DM-Rs. 2.070. It will be the responsibility of the bankers *to arrange for the deposit of these amounts before the import documents are handed over to the importer.*

14. The deposit envisaged in para 13 may be made either at the Reserve Bank of India, New Delhi, or the State Bank of India, Tis Hazari, Delhi, or the amount may be remitted by means of a demand draft drawn on and in favour of the Agent State Bank of India, Tis Hazari, Delhi-6, for credit to Government account as contemplated in Public Notice No. 233-ITC(PN)/68, dated the 24th October, 1968. The Head of Account to be credited is "T-Deposits and Advances —Part II—Deposits not bearing interest—Direct Payment Procedure" under the detailed head 'Deposits for cost of supplies and equipment obtained under German Commodity Credit for 1969-70.'

15. One copy of the challan from the Reserve Bank of India, New Delhi or the State Bank of India, Tis Hazari, Delhi-6, or intimation regarding the submission of Demand Draft to the State Bank of India, Tis Hazari, Delhi-6 should be sent by the Bank, which has issued the guarantee, to the Controller of Aid Accounts, Department of Economic Affairs, Ministry of Finance, Jeewan Deep Building, Parliament Street, New Delhi-1, along with a forwarding letter, giving full details of the Advice Notes received from the Bayerische Vareins Bank, Commerce Bank, Deutsche Bank, Dreasdmer Bank or Frankfur er Bank.

16. It will be obligatory for the importers to make the requisite rupee deposits through authorised dealers only and also to get the exchange control copy of the licence endorsed by them, as required in Public Notice No. 184-ITC(PN)/68, dated the 30th August, 1968. They should also fill in the requisite "S" forms as prescribed by the Reserve Bank of India.

17. Credit facilities offered by suppliers can be availed of by the importers, with the prior approval of the Ministry of Finance, provided:

(i) the West German supplier is at his own risk, willing to ship the goods without insisting upon prior establishment of a Letter of Credit;

(ii) The credit facility is not extended beyond 90 days from the date of shipments;

(iii) No interest charges, direct or indirect, are payable by the importers for the credit extended; and

(iv) All payments are completed before the 30th June, 1971.

The importers who may satisfy the above conditions, can ascertain the detailed procedure to be followed from the Controller of Aid Accounts, Ministry of Finance, Department of Economic Affairs, Jeewan Deep Building, Parliament Street, New Delhi-1.

ANNEXURE I

To

The Controller of Aid Accounts,
Ministry of Finance,
Department of Economic Affairs,
Jeevan Deep Building,
Parliament Street.
New Delhi-1.

SUBJECT.—*Import of*————————from west Germany, under West *German Commodity Credit for* 1969-70.

Sir,

In connection wih the import of———— ———from West Germany under the above credit, we furnish the following particulars to enable you to issue the authorisation for opening a letter of credit through————————on The Bayerische Vereinsbank, Munich, or Commerzbank A. G. Frankfurt or Deutsche Bank A. G. Hamburg or The Dresdner Bank A.G., Jungferstief, Hamburg or the Frankfurter Bank, Frankfurt.

(a) Name and address of the importer.

(b) Number, date and value of the licence.

(c) Value in DM and date of the order placed and accepted by the suppliers, indicating the payment terms *viz.*, f.o.b., c.i.f. etc.

(d) Short description of the goods to be imported.

(e) Name and address of the suppliers and the D.M. amount payable for such supplies.

(f) Expected date of completion of deliveries.

(g) A schedule showing probable dates on which payments under the contract will fall due.

The Letter of Credit will be opened through———————, ———

(Name and address of the Indian scheduled bank, authorised to and the Bank Guarantee No.————deal in foreign exchange———..... dated————for Rs.————furnished by the above mentioned bank and which has been duly adjudicated by the Collector of Stamps, in accordance with Section 31 of the Stamp Act, 1899 is attached.

Yours faithfully,
(Licensee)

Copy forwarded to———————————————
Bank Ltd., for information.

ANNEXURE II

Guarantee Bond

To

The President of India.

In consideration of the President of India (hereinafter called ('the Government') having agreed to arrange for payment in D.M. for the import of———————— by————————(hereinafter called the 'importer') against the licence No.————dated————issued under the terms and conditions of West German Commodity Credit for 1969-70 and in pursuance of import in favour of the importer against the above mentioned agreement, we————Bank Ltd., at the request of the importer hereby undertake to arrange to deposit the amounts of the disbursements made by the (Name of the German Bank nominated by the Importer) converted at the rate of 1 D.M.=2.070 Rs. or the then prevailing composite rate of conversion within ten days of the receipt of advice of payments, for credit to the Government account in the manner and against the appropriate Heads of Account as indicated by Government of India under the said credit together with interest thereon at the rate of 6 per cent, per annum, from the date of payment to the German supplier to the date of payment of Rupee equivalent for credit to the Government account. The negotiable set of import documents received from the German Bank will be released to the Importer only after the rupee deposits contemplated above have been made.

2. We the————Bank Ltd., also undertake to indemnify and keep indemnified the Government against any default in payment by the Importer of any sum that may be due and payable from time to time by the importer to the Government at such place and in such manner as the Government may from time to time direct, such sums not exceeding Rs.————or any part thereof, for the time being due and payable by the importer, together with interest thereupon at the rate of six per cent, per annum, from the date of payment to the German Supplier. The decision of the Government as to any default in the said payment by the importer, or on his part and in regard to the amount payable to the Government by us————Bank Ltd., shall be final and binding on us ————Bank Limited.

3. We————Bank Ltd., further agree that in case of increase in the value of imports or increase in the value of unfulfilled deliveries under the contract as a result of change in the composite rate of exchange, the amount of this guarantee bond will be adjusted as on the date when the change takes place, in proportion to this change.

4. We————————Bank Ltd., further agree that the guarantee herein contained shall remain in full force and effect during the period that would be taken for the performance of the said Agreement/contract and that it shall continue to be enforceable till all the dues to the Government under, or by virtue of this guarantee have been fully paid and its claims satisfied or discharged.

5. The guarantee herein contained shall not be affected by any change in the constitution of the importer or the————————Bank Ltd., and the Government shall have the fullest liberty without affecting the guarantee to postpone for any time and from time to time any of the powers exercisable by it against the importer and the————————Bank Ltd. shall not be released from its liability under this guarantee by any exercise of the Government of the liberty with reference to the matters aforesaid or by reason of time being given to the Importer or any other for bearance, act or omission on the part of the Government or any indulgence by the Government to the Importer or by any other matter or thing whatsoever which under the law relating to sureties shall, but for this provision, have the effect of so releasing the————————Bank Ltd., from its such liabilty.

6. We————————Bank Ltd., lastly undertake not to revoke this guarantee during its currency, except with previous consent of the Government, in writing.

7. Our liability under this guarantee is restricted to Rs.————————(plus interest and other charges, not expected to exceed 1 per cent of the guarantee amount) and it will remain in force till————day of*————(month)———— 197 . Unless claims under the guarantee are made in writing within 6 months of this date and unless a suit or action to enforce these claims is commenced within another six months thereafter *i.e.* upto————all Government rights under this guarantee shall be forfeited and we shall be relieved and discharged from all liability thereunder.

Dated the————day of————
for————————Bank Ltd.

Accepted for and on behalf of
the President of India by Shri
(Name and designation)

Signature Signature

*This date shall be arrived at by adding one month to the date upto which the Letter of Authority is required to be kept valid.

NOTE.—The value of the stamped paper in which this gurantee is to be executed is to be adjudicated by the Collector of Stamps under Section 31 of the Indian Stamps Act.

ANNEXURE III

To

SUBJECT.—*Import under German Commodity Credit—Issue of Letter of Authority for opening Letter of Credit.*

Dear Sir,

With reference to letter No.————dated the————from the ————————in which they have requested permission for opening a letter of credit through your Bank under the German Commodity Credit for 1969-70, I am enclosing the Department of Economic Affairs Letter of Authority No.———— dated the ————(with one spare copy) authorising them to arrange perme upto D.M.————————to West German supplier. This Letter of Authority should be sent by you to the———————— alongwith the letter of credit opened by you.

2. You are hereby authorised to open the letter of credit for an amount not exceeding D.M.————————within a period of thirty days from the date of this letter, under intimation to this Department. In terms of para 10, Section VII of Exchange Control Manual you are required to ensure that the date of expiry of the Letter of Credit is not later than 30 days, after the final date for shipment as stated in the relative import licence or the date indicated in the Letter of Authority, whichever, is earlier. Before opening the Letter of Credit it may please be ensured that the importer is in possession of a valid Import Licence. The Letter of Credit to be opened must contain a clause that the shipment is to be effected in an Indian and/or West German flag vessel.

3. You are requested to arrange to deposit the rupee equivalent of the D.M. payments to the German suppliers in terms of the Guarantee furnished by you, within 10 days of the receipt of documents from the————————. The rupee equivalent of the amounts disbursed to the suppliers will have to be calculated by applying the composie rate of conversion (1 DM=2.070 Rs.). *This rate is subject to revision if and when the I.M.F. parity rate of exchange undergoes change.* Interest at the rate of 6 per cent p.a. for the period between the date of payment to the suppliers and the date on which the rupee equivalents are deposited is also required to be deposited into Government Account. *It will be your responsibility to arrange for the deposit of these amounts, before the import documents are* handed over to the importer.

4. These amounts should be deposited either with the Reserve Bank of India, New Delhi or the State Bank of India, Tis Hazari, Delhi or remitted by means of a demand draft obtained by you from any branch of the State Bank of India or its subsidiaries (drawer) drawn on and made payable to the State Bank of India, Tis Hazari Branch, Delhi-6 (Drawee and Payee). In this connection, your attention is also invited to the provisions of the Public Notice No. 233-ITC(PN)/68, dated the 24th October, 1968.

The head of account to be credited is "T-Deposits and Advances—Part II—Deposits not bearing interest—Civil Deposits—Deposits for purchases abroad under Direct Payment Procedure" under the detailed head "Deposits for cost of supplies and equipment obtained under German Commodity Credit for 1969-70."

5. One copy of the challan in original, in cases where the rupee equivalents are credited in cash at the Reserve Bank of India, New Delhi or the State Bank of India, Delhi should be sent by you to the address given below, alongwith a forwarding letter giving full details of the Advice Notes received from the nominated German Bank:

The Controller of Aid Accounts
Ministry of Finance
Department of Economic Affairs
Jeevan Deep Building,
Parliament Street,
New Delhi.

In cases where the rupee equivalents are remitted by means of demand drafts as laid down in the Public Notice dated the 24th October, 1968 mentioned above, intimations thereof should be sent to the address given above. In all cases, full particulars of the rupee equivalents deposited alongwith the amount of interest paid and the period for which interest has been calculated should be furnished to this Department.

Yours faithfully,

Accounts Officer.

Copy forwarded to M/s.————————————with a copy of the Letter of Authority No.————————————for information, with reference to their letter quoted above. In case the German suppliers anticipate any difficulty in complying with the transport of goods by Indian and/or German vessels, the services of M/s. Schenker and Company, Hamburg, West Germany, may be availed of.

Accounts Officer.

ANNEXURE IV

Letter of Authority No.....

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Economic Affairs)

New Delhi, dated the 197

To

(Name and address of the German Bank)

Dear Sir,

SUBJECT.—*Procedure for payments to German suppliers through the Letter of Credit Cover Deposit Account with you under Commodity Credit for 1969-70 (AL 519) from the Federal Republic of Germany.*

In accordance with the terms and conditions of the above procedure, agreed upon through letter Nos.———— dated the———addressed to you Bank by the Chief Accounting Officer, High Commission of India, London, we hereby authorise you to pay an amount of DM———to———— ————under the letter of credit to be opened by———— ——for covering the import of————against contract entered into by————.

2. After each payment, the shipping and other documents (negotiable) may be forwarded direct to————and a payment advice alongwith one set of documents (non-negotiable) sent to the undersigned for information.

3. Your banking charges under the above letter of credit will be settled directly with you by the————by remittance from India.

4. This authority will remain valid upto————197

Yours faithfully,

Accounts Officer.

APPENDIX III

Conditions for licensing for public and private sector imports of the value of Rs. 50,000 or less under West German Commodity Credit for 1969-70.

1. These conditions will be applicable only where value of licence is Rs. 50,000 or less. For licence exceeding Rs. 50,000, there is a different set of licensing conditions. For orders placed by Government undertakings/public sector undertakings through DGISM, London, there is also a different set of conditions which may be followed, where it is not necessary to open letters of credit in favour of West German Suppliers.

2. The licence will be issued with an initial validity period of 12 months subject to the condition that firm orders on CIF or C & F basis must be placed on the suppliers in Germany within four months from the date of issue of the import licence, *vide* Public Notice No. 29-ITC(PN)/70 dated 9th February, 1970.

3. Where orders are not placed within 4 months, the procedure indicated in the public notice dated 9th February, 1970 should be followed.

4. Payments against this import licence can be made to West German suppliers for goods and services to be imported from the Federal Republic of Germany. Any payments towards Indian agents commission should be made in Indian rupees to the agents in India. No remittance of foreign exchange to the suppliers on this account is permissible. Such payments will, however, be charged to the licence.

5. Payments against the import licence may be effected through normal banking channels by opening commercial letters of credit, through authorised dealers in foreign exchange and should be completed by the 30th June, 1971. *The letters of credit must be opened within one month of placing of orders and a copy of the letter of credit(s)* should be sent by the Bank concerned to the Comptroller of Aid Accounts, Department of Economic Affairs, Jeewan Deep Building, Parliament Street, New Delhi.

6. The letters of credit mentioned in condition 5 above should stipulate submission of an additional set of import documents (Non-negotiable), for use by the Ministry of Finance, comprising "invoice" including freight invoice of the Shipping Companies concerned, or their authorised agents, "bill of lading" and a "certificate of payment to supplier".

As soon as the payments to the suppliers are made under the licence, the ank opening the letter of credit should send the set of documents mentioned ove, alongwith a statement (in the proforma given in Annexure-I), to the ontroller of Aid Accounts, Ministry of Finance, Department of Economic Affairs, eewan Deep Building, Parliament Street, New Delhi-1. It should however, be nsured by the importers that their Bankers send such documents promptly to the linistry of Finance.

7. Goods to be financed under the Credit should be transported by Indian nd/or Federal Republic of Germany vessels only, even though shipment may take lace from a third-country West European port. In case German suppliers anti- ipate any difficulty in complying with the provision for shipment of cargo, the ervices of M/s. Schenker and Co., Hamburg, should be availed of. Failure o comply with this provision may involve German suppliers paying freight from heir own resources. As the orders are on C & F/CIF basis, the German suppliers hould be made responsible for payment of freight charges in DMs to the agents of the Indian and/or Federal Republic of Germany shipping companies carrying he cargo. A suitable provision should be made in this regard in the supply rder as also in the Letter of Credit. Even for Indian ships the payment should e made in foreign exchange (DMs) and under no circumstances, the licensee hould pay freight in rupees to the agents of the Indian shipping companies (who should claim payments from the German suppliers).

8. Credit facilities offered by suppliers can be availed of by the importers with the approval of the Ministry of Finance (Controller of Aid Accounts, Depart- ment of Economic Affairs) provided that:

(i) The West German supplier is, at his own risk, willing to ship the goods without insisting upon prior opening of a letter of credit;

(ii) The credit facility is not extended beyond 90 days from the date of the shipment;

(iii) No interest charges direct or indirect, are payable by the importers for the credit extended; and

(iv) All payments are completed before the 30th June, 1971.

9. The authorised dealers should carefully scrutinise the documents relating to bills under the import licence (which are received by them on collection basis) and ensure that the import is effected in strict compliance with the Licensing Conditions. Where there is a violation of the licensing conditions including the shipping conditions mentioned at 7 above, the relative documents should not be released to the importers in any event but the case should be referred to the Reserve Bank of India, Exchange Control Department, Central Office, Bombay-1, with the relevant import licences and other documents for instructions.

10. Licence holders should ensure strict adherence to all the conditions.

ANNEXURE I

Loan Agreement for Commodity credit from west Germany for 1969-70

S.No.	Exporter's name/and registered office	Importer	Licence No. and date & value	Description of goods & category	Date of shipment & place	Name & flag of the vessel	Gross weight cargo No.	No. & date of invoice	Invoice amount FOB DM	Invoice amount C&F or CIF, if freight charges insurance premium eligible	Date of payment
1	2	3	4	5	6	7	8	9	10	11	12

R. J. REBELLO,
Chief Controller of Imports and Exports.

PRINTED BY THE GENERAL MANAGER, GOVERNMENT OF INDIA PRESS, MINTO ROAD, NEW DELHI AND PUBLISHED BY THE MANAGER OF PUBLICATIONS, DELHI, 1970